

THE RECONSTRUCTION OF POLAND

by

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INTRODUCTION

ONE of the major results of the World War was the reconstitution in 1919 of an independent Polish State. Poland had disappeared from the map of Europe in 1795 and during the intervening 124 years, its traditions, culture and the memory of its glory were kept alive by Poles under Russian, Austrian and German rule, in spite of repression which was particularly severe in the case of Russia and Prussia. The spirit of Polish nationalism was never dimmed; rather, repression seemed to intensify it, with the result that the Poles are perhaps the most patriotic people in Europe today. A second dominant characteristic of the Poles has been their great individualism, perhaps the best expression of which was the famous *liberum veto* by which one member of the old Polish Diet could wreck any legislative measure by saying simply, "I object." This individualism paved the way for the weakening and finally the partition of Poland. It exists today to a certain extent, as is evident from the unusually large number of political parties in Poland.¹

Reconstituted Poland is a State 149,934 square miles in area. The last official census, in 1921, gave the population as 27,192,674, while estimates as of January 1, 1928 showed that it had increased to 30,212,962.² Thus Poland is the sixth largest State in Europe in respect to population. Of the total inhabitants, according to the official Polish figures, approximately 20,907,307, or about 69.2 per cent are Poles. The remaining 30.8

per cent is divided among the various minority groups as follows:³

	Number	Percentage
Ruthenians (or Ukrainians)	4,500,000	15
Jews	2,400,000	8
White Russians	1,200,000	4
Germans	906,000	3
Other nationalities		
Lithuanians	181,000	0.8
Russians		
Czechs		
Tartars, etc.		

Poland is situated almost in the very center of Europe and represents in a sense both Eastern and Western European tendencies. This diversity has been intensified by the partitions and the resulting differences in cultural, economic and social development as well as in administration and education.

It was this large and rather heterogeneous State—with a history of internal disagreements and dissensions, divided for more than a century among three different nations, and at war, actual or latent, with almost all its neighbors during the first years after its reconstitution—which had to be welded into a unified modern State. Large sections of its territory had been exposed to the ravages of war and its people had undergone near-starvation in many instances. When one considers the history of the Polish people

1. In many other European States there are numerous political parties, too—notably in France, Czechoslovakia and Germany.

2. *Jahrbuch für Polen*, 1929-1930 (Warsaw, Instytut Wydawniczy "Biblioteka Polska"), p. 8. This is a semi-official Polish publication, although written in German.

3. *Ibid.*, p. 9. It is very difficult to secure accurate figures in regard to minority populations since statistics vary according to the nationality of the compilers. The variation between official statistics and responsible estimates is illustrated in the 1929 *Handbuch des öffentlichen Lebens*, compiled by Müller-Jabusch (Leipzig, Koehler, 1929), p. 530, which in one column gives the number of Germans in Poland as 1,058,824, or 3.9 per cent, and in the next column quotes the estimated approximate number as 1,350,000—this, in spite of the fact that it is known that a large number of Germans had emigrated from Poland. *A Handbook of Poland*, 1929, published by the Polish-American Chamber of Commerce, Warsaw, and the American-Polish Chamber of Commerce, New York, gives (p. 4) the percentage of Germans as 3.3 per cent according to the 1921 census.

and the fact that during the nineteenth century (which for most European peoples was the training period in democratic government) there was no independent Poland, the post-war difficulties of the Poles in establishing their Republic are more readily understandable. Not only was the lack of trained leadership a handicap, but the tendency of the Prussian and the Austrian Poles to consider themselves superior to the Russian Poles did not help to unify the newly reconstituted State.⁴

FOREIGN RELATIONS

The cornerstone of Polish foreign policy is of course the maintenance of the *status quo* as established by the peace treaties, since Poland owes to these treaties its very existence as an independent State. Poland is allied to France by a treaty of February 19, 1921.⁵ At Locarno, on October 16, 1925, the two States concluded a Treaty of Mutual Guarantee.⁶ Furthermore, Poland signed a Treaty of Alliance with Rumania on March 3, 1921,⁷ which was renewed on March 26, 1926⁸ under the name of a guarantee treaty. The two States cooperate closely at Geneva; their problems in regard to minorities and to the maintenance of the *status quo*, particularly in relation to Russia, being very similar. Rumania might be called Poland's link with the Little Entente, although since the final settlement in 1924 of the Zips, Orawa and Teschen disputes,⁹ Poland's relations with Czechoslovakia have also been fairly cordial.¹¹ The present project to link up by rail the Rumanian Black Sea ports with the new Polish port of Gdynia will doubtless further strengthen Rumanian-Polish ties.

With the Baltic States except for Lithuania, with whom a virtual state of war still exists,¹² Poland has cordial relations at pres-

ent. Finland, Estonia and Latvia are not on the best of terms with Lithuania, since it has seemed impossible to remain friendly with both Lithuania and Poland at the same time. The relations of these three States with Lithuania can therefore be characterized only as "correct." On February 9, 1929 the so-called Litvinoff Protocol was signed by Poland, Estonia, Latvia, Rumania and the U.S.S.R., giving immediate effect to the Kellogg anti-war pact as between the signatories. The first four States signed as a bloc, apparently in order to impress the U.S.S.R. with their solidarity. Lithuania absented itself because of strained relations with Poland; Finland's absence seems to have been due to inertia.

With its two most important neighbors—Russia and Germany—Poland's relations have not been too friendly. German-Polish relations are improving, however, and the recently signed liquidation and commercial treaties between the two States are both a sign of this and an earnest of better relations for the future. In Russian-Polish relations, just as in German-Polish relations, there are many "incidents" which the press on both sides play up and which disturb the atmosphere. On the whole, however, the Litvinoff Protocol seems to have stabilized relations between Moscow and Warsaw.

During the first years after the war there was a tendency, particularly among Poland's neighbors, not to consider its reconstitution as a *fait accompli*. Today, although nationalist elements in various States may still be unreconciled to the re-emergence of an independent Poland, in general it may be said that this point of view is recognized as inconsistent with present facts. In spite of the continued dissatisfaction of its neighbors with certain aspects of the territorial settlement of the peace treaties, Poland's foreign policy has been consolidated and stabilized. The fact that since 1926 Poland has occupied a so-called "semi-permanent" seat on the Council of the League of Nations is a recognition of its status. At the Tenth Assembly of the League, September 1929, Poland was voted eligible for re-election to the Council for a further three-year term. It was then elected by an almost unanimous vote. Dr. Stresemann stated later in the

4. F. L. Bennis, *Europe Since 1914* (New York, F. S. Crofts, 1930), p. 510. It has been estimated by a special Polish commission appointed to investigate war losses that the total destruction or confiscation of property in Poland amounted to over \$1,800,000,000. Cf. *Bulletin of the Bank of Poland, Including the Report of the Financial Adviser to the Polish Government* (hereafter cited as *Report of the Financial Adviser*), December 31, 1928, p. 14-15.

5. Text in League of Nations, *Treaty Series*, XVIII:13.

6. Text in *ibid.*, LIV:353.

7. Text in *ibid.*, VII:78.

8. Text in *ibid.*, LX:161.

9. Cf. A. J. Toynbee, *Survey of International Affairs*, 1924, p. 457 et seq.; *ibid.*, 1925, p. 247 et seq.

11. The members of the Little Entente are Czechoslovakia, Rumania and Jugoslavia.

12. Cf. p. 137.

German Reichstag, when defending Germany's vote for Poland, that in his opinion a State of 30,000,000 inhabitants had a right to representation on the Council.¹³ Within the past few months the Polish Ministers to the United States, France, Britain, Italy and the Holy See have been elevated to Ambassadors, and the above-named powers now have Ambassadors in Warsaw.

MINORITIES

Within Poland the welding of the former Austrian, German and Russian sections seems to be proceeding, and according to well-informed Polish sources there is real psychological unity in the new State and little or no separatist sentiment. To be sure, in a State one-third of whose people are non-Polish, serious problems and difficulties are bound to arise. Most of the minorities from their own accounts are dissatisfied with their lot. They comprise a minority bloc in Parliament, and have made frequent complaints to the League of Nations.

Nor has the well-known nationalism of the Poles made for the adoption of a conciliatory attitude toward the minorities. The Conservative elements have been especially intransigent; the Socialists have worked for a more moderate policy. In general, Polish treatment of minorities, especially of Germans, Ruthenians and Lithuanians, has embittered relations with their neighbors—Germany, the U.S.S.R. and Lithuania.

Between 1920 and 1924, treatment of the minorities, especially in the Eastern provinces, seems to have been extremely harsh in spite of the minorities treaty.¹⁴ Furthermore, there was a good deal of sentiment, particularly among the Polish conservatives, in favor of denouncing the minorities treaty on the ground that the United States had failed to ratify it.

In Eastern Galicia, the local administration which was set up¹⁵ did not tend to

mollify the Ruthenians, who predominate in this section. The grievances of the German minority have occupied much time in Geneva and have been the subject of several judgments of the Permanent Court of International Justice at The Hague.¹⁶ The Russian and German governments protested to Warsaw about the condition of their respective peoples in Poland. Finally, in July 1924, the Grabski Ministry passed a series of language laws designed to ameliorate conditions. These dealt with education, local administration and justice.¹⁷

An attempt was also made by the Grabski Ministry to better the condition of the Jews, in return for which the Jews formally recognized their duties to the Republic and undertook to cooperate with the Poles politically, reserving their right to act as an opposition group upon occasion. This so-called "Declaration of Warsaw" promised the Jews that the government would pay more attention to their needs, and as a result legislation was enacted shortly thereafter intended to give uniform legal status to the Jewish religious communities and to assure to the Jews the same linguistic rights as to the other minority groups.¹⁸ It seems, however, that with the exception of certain concessions recognizing Jewish feast-days and religious holidays, few of these reforms have been carried out.¹⁹ However, the Jews have become a sound political unit and for the most part seem to feel themselves to be citizens of the Polish Republic.

With the internal consolidation of Poland has come a general change in the social structure. From an almost feudal State with practically no middle class, Poland is evolving toward a nation in which the professional classes, business men, industrialists and farmers have the upper hand to a larger extent than before. Previously a large part of the country's trade was in the hands of the Jews; now with the development of a Polish middle class, the Jews are having a

13. Cf. *Völkerbund* (Monatschrift der Deutschen Liga für Völkerbund), April 1930, p. 28.

14. Cf. p. 139. The text of the treaty is available in H. W. V. Temperley, *History of the Peace Conference of Paris*, Vol. V, p. 432, et seq.

15. Bicameral dietines were established; one chamber consisting of Ruthenians, the other of Poles. Both have an equal number of representatives, and on matters of common concern, laws can be passed only by agreement of both chambers. This gives the Poles an advantage which they would otherwise lose because of their numerical minority in this section. Cf. M. W. Graham, Jr., *New Governments of Eastern Europe* (New York, Holt, 1927), p. 477.

16. This subject will be dealt with in more detail in a subsequent *Information Service* report. It is hoped that the recent signature of the Polish-German Liquidation Treaty will improve conditions in western Poland.

17. Cf. L. P. Mair, *The Protection of Minorities* (London, Christophers, 1928), p. 93 et seq.; Graham, cited, p. 508 et seq.

18. Graham, cited, p. 511 et seq.

19. Mair, cited, p. 96 et seq.

difficult time and doubtless much of the anti-Semitism in Poland is due to competition between the two groups.

Furthermore, in the field of education, Poland has advanced greatly since its recon-

stitution. It has been estimated that from 50 to 80 per cent of the people 50 years of age or over are illiterate, while among the present generation of children of school age, only about 8 per cent are illiterate.²⁰

EMERGENCE OF THE NEW POLAND

Although the Poles made attempts to regain their independence during the period from the last partition of Poland until the World War, they finally learned that the struggle against three mighty empires was impossible.

The war changed the situation.

It became necessary for the belligerents to make sure of the loyalty of their own Poles as well as desirable to try to attract the Poles serving under enemy standards. Thus both sides issued proclamations promising autonomy to the Poles and giving lip-service to the ideal of a united Poland. But Austrian and Prussian Poles had to fight against their countrymen in the Russian armies.

The Poles themselves were divided as to how they might best achieve their independence. By the end of 1916, the lines of partisan division comprised in general the following demarcations:

(1) between social classes, i. e., bourgeois and proletariat;

(2) between various groups which may be classified as "activist," or conservative and democratic partisans of rapprochement with the Central Powers; "opportunist" groups who were guided solely by expediency; "passivists" who were opposed to the Central Powers and looked for the solution of the Polish problem through Russia or the Allies. A large number of landowners and the majority of the professional classes and the middle-class bourgeoisie were "passivists." The Socialists were generally Austrophil and opposed to both Russian and German tactics.

These divisions characterized Polish political groups until the end of the war.

A Polish National Committee, pro-Russian in sentiment, had been organized in Warsaw in November 1914; in August 1917, under M. Dmowski, it transferred its activities to Paris and carried on propaganda for the Polish cause in Allied circles. The committee, passivist in sentiment, was recognized by the Allied and Associated Powers as the "official Polish organization." M. Paderew-

ski, the pianist, became its representative in the United States.

On January 22, 1917 President Wilson had made his famous "peace without victory" speech and had stated that he favored a "united, independent and autonomous Poland." It was almost a year later, on January 8, 1918, that President Wilson made the speech in which he put forward his Fourteen Points, the Thirteenth of which was as follows:

"An independent Polish State should be erected which should include the territories inhabited by indisputably Polish populations, which should be assured a free and secure access to the sea, and whose political and economic independence and territorial integrity should be guaranteed by international covenant."

The Russian revolution and the accession of the Bolsheviks to power changed fundamentally the French point of view in regard to the establishment of an independent Poland. Because Tsarist Russia had been an ally of France since 1891, France had not been in a position to support the national aspirations of the Poles, since this would have gone directly counter to the interests of its ally. Furthermore an independent Poland would have been an obstacle to France in that it might have prevented Russia from giving aid to France in a Franco-German struggle, unless Polish neutrality were violated. With the accession of the Bolsheviks to power, Poland began to take the place of Russia in the Allied mind as a buffer State on the eastern frontiers of Germany in case of a possible German-Russian alliance.

On June 3, 1918 the Supreme Allied War Council announced that the British, French and Italian Premiers had agreed *inter alia* that "the creation of a united and independent Poland, with a free access to the sea,

20. Cf. *Oświata i Wychowanie*, January 1930, p. 1 et seq. This is an official monthly publication of the Polish Ministry of Education in Warsaw.

shall be one of the conditions of a solid and just peace and the rule of right in Europe." The German acceptance of the Fourteen Points as the basis for the Armistice may be said to have pledged them also to the constitution of an independent Poland.

PILSUDSKI

In Poland, in the meantime, there was no unity and no real government. At the hour of liberation, there were two broad groups almost equal in strength; a pro-Pilsudski group, which included the whole Socialist party, all the Left parties and many of the conservatives, especially in Galicia. The army and the former supporters of a policy of cooperation with Germany belonged in this group. On the other side was ranged the nationalist bloc, strongly pro-French in sentiment and comprising almost all Poles of former Prussian Poland, the clergy, most of the landowners in former Congress Poland,²¹ as well as a majority of the middle class and the small traders. Thus Pilsudski's supporters were perhaps less influential than the backers of the other group. However, he was the idol of the masses and the soldiers, and his personal prestige was greater than that of any leader on the other side. Furthermore he was in Poland, for upon the outbreak of the German revolution he had been released from the Magdeburg fortress where he had been interned by the Germans for a year. In Warsaw the Regency Council, which had been set up by the German occupying authorities, promptly vested its powers in him and disappeared from the political scene. On the other hand, the Allies distrusted Pilsudski because of his service with the Central Powers and because he was a Socialist, which, to the statesmen gathering in Paris, meant a Bolshevik.

Pilsudski may be regarded as the George Washington of the new Poland. The atmosphere in which he grew up was one of intense hatred for Russia and desperate desire and struggle for Polish independence. As a very young man, he was sent to Siberia for five years and returned, a hardened revolutionary, to occupy himself with secret political work for Polish independence. He became one of the first leaders of the Polish

Socialist party which had put Polish independence at the head of its program. The publication of secret newspapers in Vilna, in London, and in Lodz occupied him; he was imprisoned again, escaping under the most dramatic circumstances. The organization of his famous rifle clubs long before the war in Galicia was one of his most important achievements. On the day that Austria declared war on Russia, Pilsudski had led a tiny force of his Legionnaires over the frontier and given battle to the Russians. Although the military significance of this action was practically nil, its appeal to the romantic imagination of the Poles was tremendous and fired the patriotism of Poles everywhere. A Polish army was on the march. Thus the foundation was laid for the great prestige which Pilsudski acquired among the masses and particularly among the soldiers of Poland. Later, the success of the Polish-Russian war added still more to Pilsudski's prestige and popularity.²²

Always, he had been a man of one idea— independence for Poland; and as a corollary to this, hatred of Russia. During the war he was willing to cooperate with either Germany or Austria as long as he felt that by so doing he was advancing the cause of Polish independence. When he became convinced that such was not the case, he withdrew his support. His socialism was in reality not based on any particular interest in Marxian doctrine; he became a Socialist only because the Polish Socialist party was unequivocally committed to Polish independence and hated the Tsarist government almost as strongly as did Pilsudski himself.²³

PARIS VS. WARSAW

Upon Pilsudski's return to Warsaw, the external barriers to Polish independence had disappeared. But the century of experience under three different régimes, the political differences of the war and the pressure of social and economic problems facing the new State made very difficult the establishment of the unity and stability which were necessary to make independence a reality. The National Committee in Paris, recognized by

22. Cf. p. 137.

23. Cf. J. Szapiro, "Poland and Pilsudski," reprinted from the *Journal of the Royal Institute of International Affairs*, London, July 1929; Rom Landau, *Pilsudski and Poland* (New York, Dial Press, 1929), translated from the German, *passim*.

21. A large part of former Russian Poland is usually known as Congress Poland.

the Allies as the representative of the Polish nation, controlled no Polish territory. Furthermore, there was trouble in Galicia, and in Posnania the Prussian Poles had set up their own régime and elected a supreme "Popular Council" which ignored Pilsudski's government in Warsaw and recognized the National Committee in Paris as its representative. The importance of this was that it emphasized the breach which divided Poland between two groups of almost equal strength, neither of which was willing to give in to the other, nor strong enough to make the entire nation bow to its will. Added to the political uncertainty, there was the threat of social and economic disorganization and a dearth of food which amounted almost to famine.²⁴ And there were clashes on the frontiers with Germans, Lithuanians, Czechs, Russians and Ruthenians, as well as the menace of Bolshevism.

For two months this chaos continued. It was finally Paderewski, the best-known Pole in the West, a man who had not been involved in the party strife within Poland itself and who had the confidence of the Allies, who was able to form a government. On January 16, 1919 he became Premier and Foreign Minister, with a Cabinet representing the different parties and the different divisions—Galicia, Posnania and Congress Poland. Pilsudski remained as Chief of State. On the very day that the Peace Conference opened in Paris, the statesmen there learned that Poland had achieved a united government.

THE PEACE CONFERENCE

Dmowski and Paderewski, representing respectively the Polish National Committee at Paris and the Warsaw government, were admitted as fully accredited delegates of Poland by the Peace Conference in Paris; thus Poland did not have to sue for *de jure* recognition by the powers. It remained only to define its boundaries. This required the determination of what territories were inhabited by "indisputably Polish populations," as Wilson's Thirteenth Point had stipulated.

Various proposals were put forward at Paris to settle these problems. The Polish

leaders, fired with ambition for new power, demanded the restoration of the historic Poland of 1772, which would have given it an area of nearly 282,000 square miles, stretching from the Baltic almost to the Black Sea, although even in 1772 a large portion of the population of this area was not Polish. Historical and strategic considerations, as well as intense national feeling, animated these demands. The Treaty of Versailles finally gave to Poland its western and northern frontiers, providing for plebiscites to settle the boundaries between Poland and East Prussia and in Upper Silesia.²⁵ The formation of the so-called "Polish Corridor" gave Poland direct access to the sea, and the constitution of Danzig as a free city under the aegis of the League of Nations assured Poland of a port on the Baltic. The foreign relations of Danzig were put under Polish control and the Free City was placed under the Polish customs régime. By the Treaty of St. Germain and certain supplementary agreements, the former boundary of Galicia and Hungary was made the southern boundary of Poland, except in the Teschen, Orawa and Zips regions, where the boundaries were settled later by the Supreme Council and rectified once more in 1923-1924 by direct negotiations between the Czechoslovak and Polish governments.

The problem of Eastern Galicia raised great difficulties at the Peace Conference and after. The population of this section was very largely Ruthenian and the Peace Conference suggested that Poland be given a twenty-five-year mandate over the territory. The Poles in the meantime had established a military occupation of the country. Finally, driven by the fear of Bolshevism, and because the Allies would not and could not undertake military measures to drive the Poles out of Eastern Galicia, the Allied Conference of Ambassadors in March 1923 confirmed the Polish title to the region. The presence of large oil resources in Eastern Galicia made it a particularly valuable acquisition and influenced the final decision.

The Poles were hardly satisfied with these territorial settlements, while Allied insistence that they sign a separate treaty providing

24. H. H. Fisher, *America and the New Poland* (New York, Macmillan, 1928), p. 117-121.

25. Cf. "German-Polish Relations—Danzig, The Polish Corridor, East Prussia, Upper Silesia," F. P. A. *Information Service*, Vol. III, No 12.

protection to the religious, racial and linguistic minorities in Poland was particularly distasteful to them.

Allied policy in regard to Poland had two features: Poland was designed both to be a bulwark for Western Europe against Bolshevism and, primarily from the point of view of France and the new States, to weight the new balance of power in Europe against Germany. Poland received valuable economic resources, mainly at the expense of Germany, a fact which has not added to the stability of Europe since the war. The eastern frontiers of Poland were finally determined between Russia and Poland themselves, but not until another war had been fought.

THE RUSSIAN-POLISH WAR

The Polish occupation of Eastern Galicia, referred to above, was part of the struggle between Russia and Poland. It was also part of the struggle between the Red army and the various White generals who attacked the Bolsheviks. The Poles consider that by their war against the Bolsheviks during 1919 and 1920, they acted as the cornerstone of the so-called *cordon sanitaire* and saved Western Europe from Bolshevism. Be that as it may, at one time the Polish troops, reinforced by contingents from the Polish army in France, penetrated as far as Kiev. In the north, the Poles and Lithuanians had been attempting by direct negotiations to settle the controversy over the Vilna area but without success. The Supreme Allied Council in December 1919 had accepted the recommendations of its experts for a tentative Polish eastern frontier—the so-called Curzon Line. This line excluded the Vilna area from Poland and was therefore unacceptable to the Polish government. Pilsudski drove the occupying Russian armies out of Vilna and occupied that city in spite of Lithuanian protests. During 1919 the Poles advanced into Russia as far as the Dnieper and Dvina rivers. Finally, in 1920, the Red army struck and the Poles were driven back almost to the gates of Warsaw. In the south, the Poles were repulsed as well. Time and again, the Russian commissars had made peace overtures but to no avail, for the Poles doubted the sincerity of the Soviet govern-

ment. A successful Polish counter-offensive with the aid and advice of the French general, Weygand, finally ended the war. Aided by Allied munitions and supplies, the Poles drove the Russians back and Poland managed to extend its territory far beyond the Curzon Line. It was not until September 21, 1920 that final armistice negotiations between Russia and Poland were opened in Riga. These resulted in the signing of an armistice and a preliminary treaty at Riga on October 12, 1920,²⁶ and the final Peace of Riga, on March 18, 1921.²⁷ The frontiers as established by the Pilsudski-Weygand campaign were recognized as the eastern frontiers of Poland.

In the meantime, in spite of the agreement of Suvalkai (signed on October 7, 1920) which was designed to establish a line of demarcation between the Polish and Lithuanian areas in the Vilna region, the Polish general, Zeligowski, on October 8, 1920, occupied Vilna. The subsequent intervention of the League of Nations has been fruitless and the recognition of the *de facto* situation in Vilna by the Council of Ambassadors on March 15, 1923 has never been accepted by Lithuania. The virtual state of war which has existed between Lithuania and Poland ever since has complicated international relationships in northeastern Europe to this day.

THE CONSTITUENT ASSEMBLY

On January 26, 1919 elections were held for a constituent legislative body which should represent the nation and prepare a constitution. Voters from Austrian and Russian Poland took part in the elections, except in those districts where war was still going on and in the frontier districts still under dispute. The Poles from Prussian Poland did not vote, for constitutionally this section was still under German control at that time. Universal suffrage and proportional representation were used. On the whole, the election seems to have been a choice between Paderewski and his national coalition Cabinet and Pilsudski and the Socialists. The national coalition secured about two-thirds of the seats in the Diet, the re-

26. Text in League of Nations, *Treaty Series*, IV., p. 8.

27. Text in *ibid.*, VI., p. 52 et seq.

maining seats going to the Socialist and Jewish parties.²⁸ When the Diet convened, Pilsudski handed over his powers to it and was promptly confirmed by the Diet as Chief of State. This legalized his position. Paderewski did the same and was also confirmed in his position as Prime Minister and Foreign Minister.

The first task of the Diet was to have been the drafting of a constitution, but the

first years of its existence were so full of military campaigns, boundary disputes and the pressing tasks confronting the immediate organization of a new State that it was not until March 1921 that a constitution was finally adopted. From the very first, a multitude of political parties had sprung up in Poland, and their existence did not make easier the administration and organization of the new State.

ORGANIZATION OF THE NEW STATE

In drafting the Polish Constitution,²⁹ there were several questions upon which it was difficult to come to a decision. The most important of these were the nature of the legislative authority and the powers of the executive. In all the discussions, the influence and fear of Pilsudski, Poland's "strong man," were very great. Jealous of its authority, the Diet was anxious to make impossible at any future time the emergence of a dictator who would disregard the wishes of the elected representatives of the Polish people. The years of repression under Russian, Austrian and German rule had accentuated the desire to make Parliament supreme. Yet after this was done it was perhaps inevitable that the individualism of the Poles, intensified by the very differences in the administrations to which they were subjected for so many years, should have made for such a multiplicity of political parties that government by the Legislature has become almost impossible.

There was long discussion in the constitution-drafting committees as to whether the legislative branch of the government should be composed of a single chamber, or of upper and lower chambers. It was argued that the unicameral Diet elected in 1919 had been incapable of preventing executive absolutism and that an upper chamber would make parliamentary control more effective. On the other hand, the opponents of a bicameral system argued that an upper house would be ultraconservative and would hinder the

development of Polish democracy. It was finally decided to have, in addition to the Sejm, an elective Senate, based on a broad franchise but with limited powers. The Sejm is composed of 444 deputies elected for five years by universal suffrage under a system of proportional representation. The Senate is elected from the *voyevodships* (administrative provinces) as electoral districts. The Senate has a mild veto power over the Sejm, but if the latter, by a vote of eleven-twentieths, rejects the amendments suggested by the Senate, the bill becomes law as originally passed by the Sejm.³⁰ The Senate, however, must consent to the President's dissolution of the Sejm by a three-fifths vote, according to the 1921 Constitution.^{30a}

The question of the powers of the President was an especially difficult one in drafting the Constitution, particularly as regards the command of the army. Should the President be empowered to lead the armed forces of the nation? Pilsudski was of course the crux of the problem. His military genius was unquestioned and his supporters wished to place in his hands the full military authority. Finally, it was decided to give to the President nominal command of the army in time of peace, but to vest this power in a different person in wartime. For the rest, the President's prerogatives as Chief of State were much the same as in France, but the Cabinet was to exercise most of the executive authority, being responsible to the Sejm.

The Constitution of 1921 provided that the President must convoke the Sejm within three weeks of its election, and in any case

28. Graham, cited, p. 455. McBain and Rogers, *New Constitutions of Europe* (New York, Doubleday, 1922), p. 403, says that 412 deputies were returned; Graham gives the number as 280, with 200 government seats and 80 for the Jews and Socialists.

29. The text of the Constitution of 1921 is given in full in English in McBain and Rogers, cited, p. 405 *et seq.* The amendments made by the law of August 2, 1926 are in Graham, cited, p. 798 *et seq.* The amended Constitution is published in full in German in *Jahrbuch für Polen* 1929-1930, p. 29 *et seq.*

30. A quorum is constituted by one-third of the deputies.

30a. Article 26.

in October to vote the budget and provide for the army.³¹ The executive was given the right to dissolve Parliament, with the consent of three-fifths of the members, before the legal expiration of its mandate. New elections were to take place within forty days. The 1921 Constitution provided that there could be "no statute without the consent of the Sejm."³²

ELECTIONS OF NOVEMBER 1922

Although the Constitution was adopted in March 1921, it was not until November 1922 that parliamentary elections were held. One of the reasons seems to have been the reluctance of the Diet to sacrifice or share its authority with a second house, as provided in the Constitution. As soon as the dates of the elections were set, there was great political activity throughout the country. The Right parties, uniting in a "Christian League of National Union," put up a strong front. The group was conservative, clerical and influential, favored the large landowners, and was definitely anti-Semitic and anti-German. The minority groups also united to a large extent, but the parties of the Left and Centre, although the former attempted some unification, achieved little. The Piast group, under the leadership of Vincenty Witos, was numerically the most important of the Centre parties.³³

The most significant result of the elections was that the parties of the minority received some 20 per cent of the total number of seats in the Parliament. On the other hand, the Right parties gained their strength because they had been able to unite, in contrast to the parties of the Left and Centre which were at odds with one another and among themselves.

As early as June 1922 the issue between Pilsudski, the Chief of State, and the Diet was joined. At that time Pilsudski made it apparent that he had no confidence in the government, but, refusing to accept the Prime Minister's resignation when it was

offered, suddenly dismissed him a few days later without consulting the Diet or the parties. The Diet on June 16, 1922 responded by voting to create a "principal commission" which must be consulted by the Chief of State in selecting a Cabinet. Pilsudski capitulated and a new government was formed.

On November 28, 1922 Pilsudski formally convoked the new Sejm and Senate, which proceeded to the election of a President in accordance with the new Constitution. Pilsudski was not a candidate, public opinion having turned against him as a result of the crisis in June. Narutowicz, a friend of Pilsudski's, was elected but was assassinated almost immediately thereafter by a fanatic. The next day Pilsudski was made Chief of Staff in a new Cabinet of law and order under General Sikorski. Stanislaus Wojciechowski was shortly afterward elected President. Pilsudski remained in power until May 1923, when another change of Ministry brought to the premiership his enemy, Witos. Then Pilsudski retired to his house at Sulejowek, near Warsaw, and temporarily removed himself from the political scene.³⁴

More than anything else, Poland needed a strong and efficient government which would and could deal with the serious and chaotic economic and political situation. Agrarian reform, financial reconstruction, budgetary equilibrium and currency stabilization were crying needs, as well as consolidation of the State and material reconstruction of the areas devastated in the World War and the war with Russia. The first Sejm proved a hindrance rather than a help, for the many parties made it impossible to form a stable Ministry that could secure a working majority. Within three and a half years there were six different Ministries, obviously not a state of affairs making for a consistent policy. Some of these Cabinets were non-parliamentary, "experts' ministries"; some were founded on a Right and Centre coalition. Parliament would not support the necessary policy of restricted expenditures and increased taxation; neither would it terminate inflation, which was rapidly becoming serious. Furthermore, agrarian reform was sacrificed to the interests of the landed proprietors, capitalists and rich

31. Article 25.

32. Article 3.

33. Graham, cited, p. 499, based on *Bulletin Périodique de la Presse Polonaise*, December 12, 1922, No. 125, p. 1-2. The Right received 163 seats in the Sejm, the Centre 76 seats, and the Left 115 seats. The Minorities Bloc secured 65 seats besides 24 seats secured by other minority representatives.

34. Cf. Landau, cited, p. 213, 214.

peasants.³⁵ People became dissatisfied with Parliament, but it was impossible to dissolve it because according to the Constitution the consent of the Senate was necessary, and the Senate did not want to face new elections. One authority has summed up the situation as follows:

"Democracy before the May [1926] Revolution . . . was only formal. The population lost all confidence in both parliament and Government. Pilsudski in his retirement in Sulejowek was the great moral force of Poland and of the Polish democracy; exasperated, Poland looked towards Marshal Pilsudski for help and rescue."³⁶

THE COUP OF MAY 1926

In November 1925 Pilsudski, from his retirement, attempted to influence the situation by demanding that the army, always his first love, should be taken out of politics—i. e., removed from interference by the Sejm. As a result, General Zeligowski, the hero of the Vilna raid in 1920 and a close friend and follower of Pilsudski's, was made Minister of War. For the moment Pilsudski's opponents were eliminated, but the army became even more embroiled in Cabinet politics. A demand arose from the old Legionnaires and from the parties of the Left for the return of Pilsudski to public life, and at this point the Marshal requested the President to appoint him inspector-general of the army by decree and without consulting the Cabinet. The President refused and the question of Pilsudski's position became a concrete political issue for the Cabinet. The President was informed that constitutionally he could act only through the Minister of War, although this was contrary to the views of the Left supporters of Pilsudski who were represented in the Cabinet. Thus there was general dissatisfaction in the Sejm, a deadlock between the Left parties and the conservative government, while both the executive and legislative branches of the government appeared to be no longer representative of the people.

Things went from bad to worse and finally, after the government of the moment had fallen and many leaders had tried without success to form a Ministry, the President called Vincenty Witos, the Piast leader and

bitter enemy of Pilsudski, to the premiership. Pilsudski had either to retire once more to private life as he did in 1923 when Witos became Premier, or to resist. He chose to do the latter.

Twenty-four hours after Witos took office, Pilsudski and some of his followers marched on Warsaw, laid siege to the capital for three days and forced the resignation of the President and the Prime Minister. On May 15, 1926 a new government was formed with Charles Bartel of the Labor Club as Prime Minister and Pilsudski as Minister of War. The other Ministers were mainly experts and professors. Two weeks later the Parliament elected Pilsudski President, but he refused office and suggested instead Professor Moszicki, an engineer who had held quite aloof from politics.

The impasse which had been broken by the Pilsudski *coup* seemed to show the necessity of amending the Constitution so as to give more power to the executive if Poland were to have the stable government which it needed.

THE CONSTITUTIONAL AMENDMENTS OF 1926

In August 1926 the government forced through the Sejm amendments which strengthened the powers of the executive. Under these the President is given the right to dissolve the Sejm and Senate, without their consent, on the proposal of the Cabinet. He must state his reasons, however, and may not dissolve Parliament more than once for the same reason. Elections must take place within ninety (instead of forty) days after dissolution. "The approval of the Sejm is required for the adjourning of a session if the adjournment is to be renewed in the course of the same session or if the interruption is to last more than thirty days." Furthermore, the President is empowered to promulgate "in case of urgent State necessity, from the moment of the dissolution of the Sejm and Senate until the meeting of the new Sejm ordinances having the force of law in the domain of state legislation."³⁷ The Constitutional pro-

35. Cf. Bennis, cited, p. 511 *et seq.*; Graham, cited, p. 501 *et seq.*

36. Szapiro, cited, p. 376.

37. There are certain subjects to which this does not apply and all such ordinances must be countersigned by the Prime Minister and the Cabinet and published. The ordinances promulgated must be laid before the Sejm within fourteen days after it reconvenes.

visions for voting the budget are revised so as to make it more difficult for the Sejm, by filibustering, to delay the vote.³⁸

The Constitution as amended in 1926 is still in force, but many people in Poland feel that it must be further amended in order to give the executive still more power. Events of the past few years have shown that cooperation between the Sejm and the executive is still extremely difficult.³⁹

In October 1926, when the Bartel Ministry fell, Pilsudski himself assumed the premiership with a Cabinet which has been called the strongest in the history of the Republic. Thoroughly out of patience with the Sejm, Pilsudski threatened it with dissolution if it did not cooperate with him. Late in 1927 he locked its doors, adjourned it *sine die*, and, finally, on November 3, 1927, dissolved it to prevent discussion of the budget. In March 1928 elections were held for the Sejm and Senate. Thirty-three parties entered the lists besides Pilsudski's Government Bloc. The latter secured 132 out of 444 seats in the Sejm, while the strongest of the Opposition parties—the Socialist party, led by M. Ignace Daszynski, the Marshal (Speaker) of the Sejm—secured only 53.⁴⁰

Although the government controlled only a minority, the Opposition parties have been so divided among themselves that it has been impossible for them to form a government. The only thing they agree on is opposition to the present régime. Furthermore, the President of Poland, M. Moszicki, a friend of Pilsudski's, has interpreted the Constitution so that he has the sole power to appoint the Prime Minister when the Cabinet resigns. Thus in reality Marshal Pilsudski, as Minister of War, has dictated the composition of the government since 1926. His dictatorship may be described as limited; he rules through constitutional forms. The Sejm votes the budget each year; but Pilsudski and his "Cabinet of Colonels" are the real rulers of Poland.⁴¹

38. Cf. Graham, cited, p. 798 *et seq.*, for provisions.

39. The projects for further amendment of the Constitution are discussed on p. 148 n.

40. The figures from various sources do not tally exactly but the proportions are about the same. (Cf. *The Times*, London, April 24, 1930, p. 11; *Political Handbook of the World*, New York, Council on Foreign Relations, 1930, p. 149; *Jahrbuch für Polen 1929-1930*, p. 82.) Actually the Government Bloc secured 122 seats in March 1928 but in October 10 Socialists split off from Daszynski's party to cooperate with the Government Bloc, making the totals 132 and 53 instead of 122 and 63.

41. The so-called Government Bloc is not a political party; it is rather a collection of individuals and groups whose com-

THE GOVERNMENT VS. THE SEJM

The Sejm has made several moves to reassert its power. Perhaps the most striking example of this was its impeachment of Finance Minister Czechowicz during the summer of 1929 for spending some 560,000,000 zlotys (about \$62,000,000) in excess of the 1927-1928 budget. He had been authorized to do this by the Cabinet, which, presumably at the instigation of Pilsudski, had omitted to ask Parliament's consent in accordance with the Constitution.⁴² After the impeachment, Pilsudski referred to the deputies as "malicious monkeys," which gives some indication of the Marshal's personal animosity towards the Sejm. He has lost his belief in parliamentary democracy as an institution and method of government; but his attitude and program seem to be negative. He does not appear to have any scheme for organizing the country according to his wishes. This, in a measure, probably explains why Pilsudski, who has been often characterized as a dictator, seems to keep to the forms of parliamentary government.

Furthermore, the government has continued to flout the wishes of the Sejm. The latest Prime Minister, Colonel Slawek,⁴³ the chairman of the Government Bloc and one of Pilsudski's closest friends, has included in his Cabinet several Ministers of previous governments in whom the Sejm has voted no confidence. This action accords with the letter of the Constitution⁴⁴ but shows plainly that, like Pilsudski, Colonel Slawek has a contempt for the Opposition parties.

The Cabinet crisis which was ended on March 29, 1930 by the formation of the Slawek Ministry had been prolonged until the Sejm had passed the budget. Parliament was then adjourned without being al-

mon bond is loyalty to Pilsudski and a belief that his régime is the most efficient and useful one for Poland. The actual government has been called a "Colonel's Ministry" because of the presence of several military men who are close friends and supporters of Pilsudski.

42. The case of M. Czechowicz was referred to the Sejm by a special State Tribunal. The Sejm having impeached M. Czechowicz for the purpose of asserting its power, the case evidently must go back to the special tribunal for final settlement. (Cf. *New York Times*, April 7, and June 26 and 30, 1929.) M. Czechowicz resigned from the Government Bloc in May 1930, a severe blow to the government. (Cf. *New York Times*, May 23, 1930. According to this dispatch the case appears not to be definitely concluded and the government is desirous of avoiding further debate on it in the Sejm.)

43. The Slawek government is the twenty-second Ministry since the reconstitution of an independent Poland.

44. Article 58 provides that a Minister who receives a vote of confidence should resign. There is no provision in the Constitution, however, that such a Minister cannot be reappointed.

lowed to pass a vote of non-confidence in the new Ministry which it would certainly have done. Two hundred Sejm deputies on May 9 requested the calling of an extraordinary session because of the industrial crisis. The Senate, however, made no such demand. Acting constitutionally, the government summoned the Sejm to meet on May 23, but an hour before the session was to have begun a Presidential decree postponed the meeting for thirty days. Colonel Slawek

gave as his reason the impossibility of co-operation with the Sejm, which the government believes should not be allowed to play politics at a time when all the country's resources must be mobilized to cope with the economic crisis.

It would seem that, according to the Constitution, the Sejm must be allowed to meet by June 23 unless the government dissolves Parliament and issues a call for new elections.

ECONOMIC AND FINANCIAL RECONSTRUCTION

In no field were the difficulties of consolidating the new Poland more marked than in the economic field, for here the effects of the partitions were perhaps the most serious.

During the first years of its reconstitution as an independent State, Poland was faced with an almost desperate financial situation. The World War had devastated large sections of the country, the people were poor, business was almost at a standstill and the Russian-Polish war had cost approximately one hundred billion marks. Successive Finance Ministers were unable to balance the budget and the Polish mark continued to decline in value. In July 1919 the average gold value of the Polish mark was 6.88 cents in United States currency. By February 1924 it had declined until it was worth about one-six hundred thousandth of its 1919 value—1,800,000 Polish marks being equal to 19.3 cents.⁴⁵

In 1924 Ladislas Grabski became both Prime Minister and Finance Minister, and, after announcing that it would be his policy to increase taxation, reduce expenditure, stop inflation and free finances from all parliamentary control, managed to put through the Sejm a bill giving him almost dictatorial powers.⁴⁷ Grabski set up the *Bank Polski* (Bank of Poland) as an exclusive bank of issue. On April 1, 1924 the bank was opened with its capital over-subscribed. At the same time the currency was stabilized and a new monetary unit, the zloty, adopted at the rate of one zloty to 1,800,000 Polish marks. The par value of one zloty was equal to one gold franc (19.3 cents). By June 1924 the

budget had been balanced and gold reserves were growing. The State tobacco monopoly was pledged to a consortium of Italian bankers in return for a loan of 100,000,000 gold lire (\$20,000,000). In 1925 an alcohol monopoly was established to add to the revenues of the State. In 1925, also, a \$50,000,000-loan was floated in the United States at 8 per cent interest.

The relief derived from all these measures was only temporary, however. The large issues of Government Treasury notes during the last half of 1925 brought about a sharp fall in the zloty, the gold purchasing power of the paper zloty declining by 31½ per cent between June 1925 and June 1926.⁴⁸ There were numerous business failures and Polish credit was injured.

THE KEMMERER REPORT

In December 1925 Professor E. W. Kemmerer, the American financial expert, was invited by the Polish government to advise it on reorganization and stabilization of finances. Professor Kemmerer visited Poland for a fortnight in December 1925, and again, with a staff of American expert assistants, for ten weeks in the summer of 1926. He then submitted a detailed report on the whole economic, financial, industrial and administrative situation in Poland in which a great many definite constructive suggestions were made.

Professor Kemmerer suggested that the Polish zloty be stabilized at the rate of 9 gold zlotys to the dollar, the approximate gold value of the paper zloty as expressed in exchange rates during the summer of 1926. He further suggested that the Bank

45. E. W. Kemmerer, *Reports submitted by the Commission of the American Financial Experts*, 1926, p. 37. These reports are a veritable mine of information in regard to Polish finances, economics, taxation, industry, customs and local administration.

47. Much the same thing happened in France when Poincaré was empowered to stabilize the French franc in 1926.

48. Kemmerer, cited, p. 23, 33.

of Poland should issue all the country's paper money, while the government should limit itself to the minting of coins. It was felt by the commission that "the large issues of Government Treasury notes during the latter half of the year 1925 was one of the principal causes of the breakdown of the Polish gold standard and of the depreciation of the zloty. Whether or not the political and economic exigencies of those critical months justified such extreme measures as these large issues of government paper money is a question upon which your Commission have no judgment to express."⁴⁹

It was recommended that *de facto* stabilization be undertaken at once; legal stabilization was recognized as desirable but the commission recommended that it be postponed until the legal reserves of the Bank of Poland had been increased to at least 60 per cent of its note and deposit liabilities through profits that would accrue from the devaluation of the zloty and money that might become available through the proposed stabilization loan. The early resumption of gold payments was considered by the commission to be in harmony with the vigorous financial policy which it believed the Polish government and the Bank of Poland should pursue.

The report contained detailed recommendations in regard to the permanent balancing of the budget. It pointed out that during 1925 the current deficit was covered by the emission of paper currency and that the Treasury cash balance was overdrawn. The commission firmly advised against further use of the printing presses and recommended two constructive measures: first, a more vigorous collection of delinquent taxes, and second, the flotation of a foreign loan. The latter, it said, would depend "on the prospects that were held out that the country had the will and the ability thereafter to keep its house in order." Many suggestions were offered as to minor economies which Poland might make, but it was pointed out that the cost of the army amounted to 36.5 per cent of the 1926 budget and hope was expressed that the expenditures for this purpose would be kept "within the bounds of the soberest necessity." Moreover, it was

suggested that the right of Parliament to amend the budget bill be restricted.⁵⁰

THE STABILIZATION PLAN

As a result of the Kemmerer report and after many conferences with leading American bankers and international financial experts, a plan of stabilization was worked out in 1927 by representatives of the Polish Treasury and of the Bank of Poland, together with a group representing interested American bankers. Shortly thereafter a formal credit agreement, contingent on the realization of the plan as a whole, was concluded and signed in Paris in June 1927. Thereafter, the necessary legal steps were taken in Warsaw for its realization and for the issue of the necessary stabilization loan to Poland by leading European and American bankers.⁵¹ The stabilization plan was adopted by a decree of the Polish President on October 13, 1927, and the stabilization loan of \$71,733,000 was floated in the United States and five European countries on October 15, 1927.⁵² Great Britain, France, Holland, Switzerland and Sweden participated in the loan, as well as the United States.

The establishment of the zloty on a gold basis is provided for under the plan of 1927. The Bank of Poland is made independent of political control and is to be the sole note-issuing body for the country. Its notes are established on a gold basis and there are rigid reserve requirements. The capital of the bank is increased. Not only does the plan provide for a balanced national budget, but also for a system of monthly budgets, centralized control over State expenditures and the creation of a reserve of 75,000,000 zlotys as insurance against contingencies.

50. "Article 20 [of the Organic Budget law prepared by the Kemmerer Commission] contains a provision which is of vital importance to the success of a budget program, namely a provision restricting the right of Parliament to amend the budget bill. . . . If responsibility is to be clearly established as between the Government and the Parliament for an annual fiscal program as expressed in the budget, the Parliament should accept the principle enunciated in this article. A similar principle is observed in England where the Parliament initiates no financial legislation not requested by the Government. The acceptance of this article by the Parliament would be a substantial contribution to the united efforts now being made by the Republic of Poland to establish itself upon a firm foundation of economic and financial stability." (*Ibid.*, p. 353, *et seq.*)

51. John Foster Dulles, *Polish Stabilization Plan* (New York, Bankers Trust Co., 1927), *passim*. Mr. Dulles was one of the legal experts who aided in the formulation of the stabilization plan.

52. Dulles, cited, and Poland 1927, *The Story of a Memorable Year*, American-Polish Chamber of Commerce (New York, 1928).

49. *Ibid.*, p. 28.

One of the most important things in the stabilization plan is the provision for the appointment of an American financial adviser to the government and the Bank of Poland. Mr. Charles S. Dewey, formerly Assistant Secretary of the Treasury, has held this post in Warsaw since December 1927. In addition to making a public quarterly report on the operation of the stabilization plan and the economic situation in Poland, the duties of the adviser entail passing upon proposed government loans and

external municipal loans, in so far as they have a bearing on the stabilization program. He exercises control over the Treasury reserve and over the entire proceeds of the stabilization loan, which can be drawn upon only with his counter-signature.

The service of the stabilization loan is provided for by the assignment of the entire gross customs revenues of Poland as security.⁵³ Actual budgetary equilibrium was established in 1926 and has continued since that time, as shown by the following figures:

	Receipts	Expenditures (In millions of zlotys)	Excess of Receipts
1926-27* (Actual)	2,139.4	1,983.4	156.0
1927-28† (Actual)	2,767.8	2,553.1	214.7
1928-29† (Actual)	3,008.6	2,839.6	169.0
1929-30† (Budget)	2,955.0	2,935.8**	19.2
April-Sept. 1929† (Actual)	1,452.5	1,437.0	15.5

*Report of the Financial Adviser, March 31, 1928, p. 24.
†Ibid., September 30, 1929, p. 23.

**Including certain expenditures authorized but not included in the original budget.

The budgetary receipts come from taxes, monopoly profits, profits from public enterprises and miscellaneous administrative receipts. The largest expenditures are those for the Ministries of War, Public Instruction and the Interior.

POLAND'S RESOURCES

Sixty-five per cent of the Polish people are engaged in agriculture, the principal crops being potatoes, rye, oats, barley and wheat. Rye is the most important crop. Flax and sugar beets are also important products.⁵⁴ Poland also raises a great deal of live stock.

Poland, however, has reached a point where little new productive land can be

added to what it already possesses unless it sacrifices its forests or unless large capital outlay is made for drainage of swamps.⁵⁵ The country ranks third in Europe in coal reserves, third in oil reserves and sixth in forest reserves. There are also important deposits of zinc and salt.⁵⁶ The bulk of the national wealth, however, consists of lands, mines, buildings and forests, to the value of 88.41 millions of zlotys.⁵⁷

In the field of industry, the metallurgical trades and manufacture of textiles are the most important.

The following table gives the income account of Poland, including the items in the visible and invisible balance of trade:⁵⁸

Income Account of Poland*			
(In millions of zlotys)			
INCOME		1927	1928
Export of merchandise		2,531	2,466
Export of gold and silver		6	0
Receipts from railway transit traffic through Poland and from Polish railways in Danzig		128	171
Bank commissions and interest on foreign investments		18	32
Tourist expenditures		71	98
Funds sent home by Polish emigrants		243	256
Earnings by Polish merchant marine		0	38
Miscellaneous		126	183
Total		3,123	3,244

53. For official text of the stabilization plan, cf. *Report of the Financial Adviser*, December 31, 1927.

54. Cf. U. S., Department of Commerce, *Commerce Yearbook*, 1929, II, p. 528, 529.

55. *Report of the Financial Adviser*, January 18, 1928, p. 17.
56. *The Sixth Country in Europe*, cited.

57. Kemmerer, cited, p. 99.

58. *Report of the Financial Adviser*, September 30, 1929, p. 8.

OUTGO	1927	1928
Import of merchandise	2,854	3,352
Import of gold and silver	253	107
Transport of Polish goods by foreign railways and expenses of Polish railways in Danzig	94	122
Interest on foreign borrowings and investments in Poland	246	316
Foreign travel expenditures of Polish citizens	122	169
Funds carried away by Polish emigrants	54	61
Rental of motion picture films	23	23
Trans-shipment service rendered by Danzig	143	118
Miscellaneous	133	171
Total	3,922	4,439

*Figures from data compiled by the Central Statistical Office of the Polish government. The figures cannot be compared with those shown in the discussion of the balance of payments of

Poland for 1927 in the *Report of the Financial Adviser*, December 31, 1928, part III, as they were prepared upon a somewhat different basis.

Poland is now a borrowing country, and, as Mr. Dewey takes pains to point out in his reports, a borrowing country is for the time being an importing country. The credits obtained in 1927 permitted an increase in imports of goods needed to develop the country; in 1928 the same factors were present. The excess of merchandise imports over exports amounted to 323 million zlotys in 1927 and to 886 million zlotys in 1928.⁵⁹ In 1929 the unfavorable balance amounted to 299.2 million zlotys, the figures for the last six months showing an excess of exports over imports of 134 million zlotys.⁶⁰

This change in the balance of trade is partly explained by the tension on the international money market and more especially by the New York stock market crash. Even before 1929, however, money had become tighter in the markets of the creditor

nations of the world, and in 1928 the total of foreign loans and credits to Poland was smaller than in 1927. In particular government loans, principally long-term loans, were affected. There were three issues by local governments in the first half of 1928, but after that no foreign loans were floated.⁶¹

Poland's best customer in both export and import trade has been Germany, in spite of the tariff war which started between the two countries in 1925. Part of the Polish-German trade may be explained, however, by a considerable volume of indirect trade through the Reich. After Germany, the best customers for Polish exports are Austria, Czechoslovakia and Great Britain. In the import trade, again after Germany, Poland imports most from the United States and Great Britain. The following table shows the countries with which Poland does its principal business:

Origin of Polish Imports (In percentages)						
	1924*	1925†	1926†	1927†	1928†	1929** (Jan.-Aug.)
United States	12.4	13.8	17.4	12.9	13.9	12.1
Austria	11.7	9.7	6.8	6.5	6.6	5.8
Czechoslovakia	5.7	5.5	5.0	5.8	6.3	7.2
France	4.9	5.9	7.4	7.5	7.4	6.7
Germany	34.5	30.7	23.6	25.5	26.9	26.9
Great Britain	7.5	8.0	10.4	9.4	9.3	8.6

Distribution of Polish Exports						
United States	0.6	0.7	0.7	0.8	0.8	1.2
Austria	10.1	12.5	10.3	11.0	12.4	11.6
Czechoslovakia	7.9	11.3	8.8	10.1	11.8	10.8
France	4.2	1.8	3.6	1.7	1.7	1.9
Germany	43.2	40.0	25.3	32.0	34.3	30.3
Great Britain	10.5	8.3	17.1	12.2	9.0	10.8

*Commerce Year Book, 1928, II., p. 525. †Ibid., 1929, II., p. 537. **Report of the Financial Adviser, September 30, 1929, p. 37.

59. Report of the Financial Adviser, September 30, 1929, p. 8, 9.

60. Banque de Pologne, *Compte Rendu des Opérations pendant l'Année 1929*, p. 9.

61. Report of the Financial Adviser, September 30, 1929, p. 9.

The principal items which Poland imports are, first, cotton and, secondly, machinery. Besides these it imports considerable wheat and flour, colonial food products, and hides, leather and fertilizers. Poland's principal exports are, first, wood and manufactures and, secondly, coal. The other principal items of export are sugar, eggs and live swine.⁶²

GDYNIA: DEVELOPMENT OF NEW TRADE ROUTES

Poland's geographical position in what has been described as the "waist of Europe," between the Baltic and the Black Sea, has inspired the Poles to work for the development of transit traffic from various points in Central and Eastern Europe through the ports of Danzig and Gdynia. They feel that the most direct and shortest route across Central Europe and the one least impeded by such natural barriers as mountains, or such artificial ones as frontiers, lies between the Baltic ice-free ports and the Rumanian ports on the Black Sea.

Beginning in 1924, the Poles, largely with the help of French capital, have built a large modern port at Gdynia which is already in operation. Poland feels that Danzig, which was detached from Germany to give the new State access to the sea, is neither large enough nor capable of being expanded sufficiently to take care of the country's sea-borne commerce.⁶³

The following figures show the increase in the amount of commerce which has recently passed through Danzig and Gdynia.⁶⁴ The 1913 figures for Danzig are also included, for purposes of comparison.

	GDYNIA	DANZIG
1913	2,112,101 tons
1925	51,728 tons	2,722,747 "
1926	414,005 "	5,300,301 "
1927	985,813 "	7,897,614 "
1928	1,956,020 "	8,485,801 "

In line with the development of Gdynia, Poland is attempting to develop railway

traffic from north to south, rather than from east to west, as the majority of railway communications ran before the war. Germany, however, sees in this development a threat to East Prussia, now cut off from the body of the Reich by the so-called "Polish Corridor." Poland is building a new railway line from Kattowice in Polish Upper Silesia to Gdynia, which it is estimated will shorten the distance from that rich industrial area to the Baltic by some 90 miles. Until recently there was of course no railway running into Gdynia and new lines have been built connecting up the new port with the Polish railway system. The Polish budget for 1930-1931 contains provision for railway construction which is considerably less than that of previous years. However, more than 86 per cent of the total amount provided is to be used for further work on the Upper Silesia-Gdynia line.⁶⁵

THE ECONOMIC SITUATION IN 1929

After the inauguration of the stabilization plan and the floating of the loan in 1927, business conditions in Poland improved considerably. Now, however, a reaction seems to have set in. During 1929 the reports of the financial adviser consistently spoke of a lessening of business and industrial activity as compared with the year 1928. During the first half of 1929, the previous steady development of business was checked, and during the second half a downward tendency became more marked. In the third quarter the index of production fell three per cent below the figure for the corresponding quarter in 1928. Prices of industrial products changed very little during 1929, but prices of agricultural products dropped nearly 20 per cent. Since two-thirds of the population are engaged in agriculture, this has reduced the purchasing power of a very large section of the people. The economic depression was also evident in the falling off of government receipts, including customs receipts and returns from the land and real estate taxes, although for the first nine months of the fiscal year receipts were above

62. *Ibid.*, March 31, 1929, p. 33.

63. Poland also desires to have a port in purely Polish territory. It is said, too, that the building of Gdynia on the "Corridor" seacoast was a move to reinforce Poland's claim to the "Corridor" and to make impossible its return to Germany.

64. *Report of the Financial Adviser*, September 30, 1929, p. 10-11.

65. *Ibid.*, December 31, 1929, p. 11. It is reported that the French firm of Schneider-Creuzot and the Banque des Pays-Bas contemplate a loan to aid in the construction of this line which otherwise will not be completed for two or three years. (Cf. *Frankfurter Zeitung*, May 25, 1930, p. 2.)

budget estimates.⁶⁷ The financial adviser comments on the situation as follows:

"Though the surplus is by no means substantial, it may be considered sufficiently safe in view of the Government's intention to continue its practice of making monthly budgets, a practice which has been consistently followed and which has proved effective insurance against deficits during the past four years."

It has already been noted that during the last six months of 1929 there was an excess of Polish exports over imports. This was due largely to a decrease in the importation of grain, which resulted from the good harvest of 1928, and to efforts to improve marketing methods. Furthermore, the government abolished restrictions on the export of grain, which stimulated shipments abroad. The 1929 crop was a good one from the point of view of yield but the price movement was so unsatisfactory that the rural population of Poland was almost eliminated from the buying market. In this connection the financial adviser points out that the world-wide depression in grain prices is greatly exaggerated in Poland because of the shortage of credit, high interest rates and inadequate market organization.⁶⁸ Purchasing power of the Polish farmer has therefore decreased, as is shown by the fact that fertilizer sales were much reduced in the autumn and the imports of agricultural machinery have declined from 37,781,000 zlotys in 1928 to 27,051,000 zlotys in 1929, while domestic manufactures have been restricted correspondingly or even to a greater degree.⁶⁹

The decrease in imports may be further accounted for by the general slackening of business in 1929, which caused a smaller importation of machinery and apparatus as well as a reduction in the import of raw cotton, the largest single item in Poland's imports.

67. *Report of the Financial Adviser*, December 31, 1929, p. 12 et seq.

68. October 1929 grain prices in Poland were extremely low; rye was 40 per cent under the previous three-year average; barley was down 37 per cent, oats 40 per cent and wheat 25 per cent.

69. *Report of the Financial Adviser*, December 31, 1929, p. 20-21. The production and consumption of cereals in Poland are so nearly balanced that a relatively small difference in the harvest determines whether there will be a surplus which can be exported or whether Poland will have to import. The financial adviser has pointed out that it seems paradoxical that a country which is two-thirds agricultural should not always produce enough grain to feed itself. (*Ibid.*, p. 15-17.)

The Polish coal industry made a good record in 1929, the total production exceeding pre-war figures for the first time. This was due in part to the extremely cold winter of 1929, when reserve stocks of coal were entirely consumed. In November 1929 a slump set in, however. Foundry production dropped sharply in November and December, both government and private orders falling off. The textile industry has also been hard hit by the depression; mills in Lodz, the big textile centre, have been running only three or four days a week, but in spite of this, manufacturers' stocks have been so much too large that many have been forced to sell at less than cost of production in order to obtain cash.

The money market has of course been affected and the financial adviser reports that constant shortage of currency and credit characterized the whole of 1929. Furthermore, the depressed prices of grain strained agricultural credit because of the difficulties of the farmers in meeting their usual obligations. The banks, and particularly the Bank of Poland, seem to have been pursuing a very cautious credit policy and have warned the public against over-expansion of business. Moreover, unemployment has increased to a point far beyond the normal seasonal rate. Between December 7, 1929 and January 11, 1930, the number of unemployed workers registered at the State Labor Exchange Offices increased on an average of 16,500 per week. In the corresponding period of the previous year, the increase averaged 8,300 a week. The total number of registered unemployed on January 1, 1930 was 186,427, as compared with 126,429 on January 1, 1929. In February 1930 the number of registered unemployed increased by 30,000, while large numbers of workers were occupied only two or more days a week.⁷⁰

"ETATISM" IN POLAND

A great deal of the industry and equipment in Poland is concentrated in the hands of the government. The railway system, posts and telegraphs, large tracts of timber

70. *Monthly Review of the National Economic Bank* (Bank Gospodarstwa Krajowego), Warsaw, March, 1930.

land, oil refineries, chemical works and the new port of Gdynia belong to the government. This is due in part to the fact that much of its equipment came into the hands of the government through inheritance from Russia, Austria and Germany. Furthermore, during the inflation period many enterprises found themselves in difficulties even after the government had given them financial aid. As a result, the government had to take over part or total ownership in these concerns. This "etatism," as concentration in government hands has been called, has been accentuated by the use to which part of the stabilization loan of 1927 has been put. In addition to using the proceeds for actual stabilization, the government established a fund for economic development.⁷¹

According to a statement by the financial adviser, money from this fund has been loaned to a nitrate factory, a petroleum refinery, and for the manufacture of telegraph and telephone apparatus, all State concerns. Funds have been provided for State waterworks in Polish Upper Silesia and for a State navigation enterprise. Various land banks, land credit associations and the National Economic Bank have been helped. All these organizations are owned by the State or provincial governments. Out of 16 loans, three were made at 7 per cent interest and 13 at 8 per cent.⁷²

TRADE DEPRESSION AND THE "DICTATORSHIP"

As long as the country was reasonably prosperous, the government's policy of non-cooperation with the Sejm and the latter's obstructionist tactics did not seem matters of such pressing importance to the bulk of the Polish people. Pilsudski's prestige with the masses and especially with the army was very high; and many people had become weary of the Sejm's constant wrangling and inability to legislate. The government leaders have relied on these factors. Now, however, with Poland in the throes of an economic depression, there is increasing opposition to the government and distrust of

Pilsudski's "Colonels," who are often regarded as seeking mere personal aggrandizement rather than the good of the country as a whole.⁷³

In February 1929 the Government Bloc put forward a plan for far-reaching amendments to the Constitution which would legally concentrate almost all power in the executive branch of the government.⁷⁴ It is extremely doubtful whether the Sejm, as at present constituted, would pass a measure curtailing its own powers so radically.

The Slawek Ministry has intimated that it envisages new general elections in the fairly near future. However, with continued economic depression, the government would doubtless have difficulty in holding even as many seats as it has at present.⁷⁵ It is felt by many people that the way out of the present deadlock lies either in a new election or in a declared dictatorship, or in both; it is prophesied by some that if the elections go against the government, it intends to establish an open dictatorship.⁷⁶

Even during the World War, as we have seen, there were two groups within Poland of almost equal strength—the supporters and opponents of Pilsudski. After eleven years of independence, the division still persists. The history of Poland before the partitions was marked by fierce internal dissensions and intense individualism; these factors obtain in the reconstructed State, though perhaps to a lesser degree. The outcome of the present struggle between government and Parliament is thus reminiscent of the past and all important for the future of the State.

73. Cf. p. 141.

74. According to this plan, the President would be elected by popular vote but the people would be allowed to choose between only two candidates, one nominated by the outgoing President and one by the National Assembly. The President would have the right to dismiss Parliament without consulting any one, but only once for the same reason. He could ask for the resignation of the Cabinet at his own pleasure, also. Nomination of the Commander-in-Chief of the army would rest solely with the President, not needing the counter-signature of either the Prime Minister or the Minister of War. Parliament's rights would be further restricted by a provision that a vote of no confidence would be valid only if adopted by three-fifths of the deputies in the presence of two-thirds of the total number of deputies. (Cf. *Journal de Genève*, March 22, 1930, first edition, p. 1-2; Bennis, cited, p. 514-15, 514 n.)

75. Provincial elections held in Polish Upper Silesia on May 11, 1930 are an indication of this fact. The government seems to have lost heavily. (Cf. *Frankfurter Zeitung*, May 12, 1930; *Manchester Guardian Weekly*, May 16, 1930, p. 393.)

76. Cf. *The Times* (London), April 24 and 25, 1930, special article, "The Deadlock in Poland"; cf. also *The Central European Observer*, April 25, 1930, p. 230.

71. The 75,000,000 zlotys earmarked for a Treasury reserve have not been drawn upon.

72. Report of the Financial Adviser, December 31, 1929, p. 7-8.